

**STATEMENT OF PROCEEDINGS FOR THE REGULAR MEETING OF THE
CITY OF SAN FERNANDO OVERSIGHT BOARD**

**CITY OF SAN FERNANDO
CITY COUNCIL CHAMBERS
117 MACNEIL STREET
SAN FERNANDO, CALIFORNIA 91340**

Thursday, December 13, 2012

10:00 AM

AUDIO LINK FOR THE ENTIRE MEETING. (13-0065)

Attachments: [Audio](#)

I. CALL TO ORDER

Chair Judith Frank called the meeting to order at 10:06 a.m.

II. ROLL CALL

Ivonne Evelyn Umana, Administrative Staff, administer the roll call:

**Present: Board Members Edgar Arroyo, Robert Moran, Monte Perez,
Jerry Ramirez, Vice Chair Federico Ramirez and
Chair Judith Frank**

Absent: Board Member Jamaar Everett

III. ADMINISTRATIVE MATTER

By Common Consent, there being no objection (Board Member Everett being absent), the Oversight Board recessed at 10:07 a.m. to provide Board Members ample time to review the October 11, 2012 Minutes and the Non Housing Due Diligence Review Report, which was provided to the Oversight Board prior the meeting was called to order.

The meeting reconvened at 10:24 a.m.

1. Recommendation: Approve the minutes of October 11, 2012. (12-5499)

On motion of Board Member Moran, seconded by Board Member Arroyo, duly carried by the following vote, the Oversight Board approved the October 11, 2012 Minutes:

Ayes: 6 - Board Member Arroyo, Board Member Moran, Board Member Perez, Board Member Ramirez, Vice Chair Ramirez and Chair Frank

Absent: 1 - Board Member Everett

Attachments: [October 11, 2012 Minutes](#)

IV. DISCUSSION

2. Discussion on the Non Housing Funds Due Diligence Review (DDR) report as prepared by an independent Auditor; open the forum for public comment session on the DDR pursuant to California Health and Safety Code Section 34179.5(c) (6); and set a date for final approval. (12-5500)

Ron Ruiz, Public Works Director, City of San Fernando, and Sonia Gomez-Garcia, Junior Accountant, made a brief presentation of the Non-Housing Due Diligence Review (DDR) Report prepared in accordance with Health and Safety Code Section 34179.5 and made the following recommendation to the Oversight Board:

- **Receive and review the Non Housing Funds DDR Report;**
- **Convene the Public Comment Session;**
- **Adopt a Resolution acknowledging the receipt of the Non-Housing Funds DDR Report; and**
- **Schedule the Oversight Board's Consideration of Approval of the Non-Housing Funds DDR Report for next regularly scheduled meeting to be held on Thursday, January 10, 2013.**

Eden Casareno, Eadie and Payne, LLP, was not present at the meeting but made a verbal presentation via telephone conference. Ms. Casareno informed the Oversight Board that the purpose of the Due Diligence Review is to determine the amount available in obligations for the taxing agencies. This is not an audit of financial statements, but procedures performed authorized and approved by the Department of Finance and State Controller's office.

Ms. Casareno requested the Oversight Board to go to Page 12 of the DDR and reported that the amount to be remitted to County for disbursement to taxing entities is zero. Ms. Casareno further reference Pages 14, 15, and 16 and noted that the Capital Assets amounting to \$1,353,398 were transferred from the former redevelopment agency to the City of San Fernando on March 7, 2011, which consisted of vacant land and parking lots initially purchased by the City but then transferred to the former redevelopment agency to be developed. The City is currently maintaining the properties and desires to hold the capital assets.

Chair Frank and Vice Chair Ramirez requested Eadie and Payne, to add a column within the exhibits pages and identify each property in parenthesis with a reference of what it is, such as a parking lot, housing etc... to provide consistency with information the Oversight Board has been provided at prior meetings.

Board Member Moran questioned what would happen to the vacant lots and public parking. Vice Chair Ramirez responded that any property in question, would be considered in the long-range plan, which has not been prepared but will be provided for the Oversight Board's review in the near future. Mr. Ruiz, further informed that Oversight Board the parking lots are presently used for commercial use within the San Fernando mall and are currently maintained by the City of San Fernando.

Ms. Casareno directed the Oversight Board to Page 16, which lists \$229,000 as a payment not considered an enforceable obligation because the loan origination dates was not within the two years of the redevelopment agency's formation and the amount was added back to the Successor Agency's list of assets as of June 30, 2012. Furthermore, on Page 18, the amount of \$13,414 was not an enforceable obligation because the loan is an obligation of the City of San Fernando not the redevelopment agency.

Chair Frank requested clarification on Exhibit 8 of the DDR. Ms. Casareno explained that Exhibit 8 reflects cash and investments that are restricted and are reserved for the bond covenants. Ms. Casareno continued to explain that Exhibit 9, are assets that are not liquid receivables. Ms. Garcia explained that one of those receivables is a property that was sold to a developer for over \$5.0 million, originally owned by the City, then the City sold it to the former Redevelopment Agency. The former Redevelopment Agency sold it to a developer and there is a payment plan with the last payment being \$3.0 million. The developer is current in payments.

Ms. Casareno continued to explain that the last item to be deducted is \$243,000, a payment to the County of Los Angeles by the Successor Agency and referred to as a "True Up" payment. Ms. Casareno informed the Oversight Board of all the numbers discussed and not excluding the \$2.7 million, there is a balance of \$1.3 million that is the remaining amount of the assets. Ms. Casareno looked at their spending requirements for ROPS obligation 2012 and 2013 and it is more than \$1.3 million.

Vice Chair Ramirez requested from Ms. Casareno to explain how \$1.3 million was determined. Ms. Casareno proceeded to explain that the amounts of \$8.9 million and \$1.5 million were added, \$1.8 million, \$7.0 million and \$243,00 were subtracted, and excluded \$2.7 million dollars presented a total of \$1.3 million, which will remain in a cash bank account as of June 30, 2012.

Chair Frank requested to review the receivables again and determine how much cash comes from them. Ms. Garcia provided a brief explanation on the receivables, advising them that one of the receivable is for \$125,000 and that is for the sale of a property and the second receivable note is for the DDA agreement, and averages \$10,000 a year, which is money coming in to the Successor Agency.

Vice Chair Ramirez requested clarification from either the Successor Agency or Ms. Casareno pertaining to the \$125,000 the City or Successor Agency will be receiving and if there will be a balloon payment, where is it coming from. Ms. Garcia addressed the Oversight Board and apprised them that there is a loan with a balloon payment on the tenth year. Currently the loan is in its sixth year so four years need to pass before the balloon payment.

Chair Frank commented that she is perplexed about looking at the ROPS, the cash flows and then understanding Due Diligence Report (DDR). Ms. Casareno explained that the ROPS were taken into consideration as there is a need to retain cash to pay ROPS Obligations, and another manner to meet these obligations is to include them in future ROPS, but currently the Successor Agency will not be able to cover the obligations.

Vice Chair requested that the report reflect the Successor Agency's negative on the DDR report. Ms. Casareno advised that additional information would need to be provided, which will entail a payment schedule and additional exhibits.

Ms. Garcia clarified and Ms. Casareno affirmed that the City was in a deficit. The Successor Agency has \$1.3 million cash available is because the Successor Agency received from ROPS 2, \$1.6 million payment on June 1, 2012 and recognizes that \$1.6 million is for the ROPS 2. Ms. Casareno also referred to Exhibit 7, Page 23 for further clarification.

By Common Consent, there being no objection (Board Member Everett being absent), the Oversight Board opened the public comment session for the Non-Housing Funds DDR.

No interested persons addressed the Oversight Board.

On motion of Vice Chair Ramirez, seconded by Board Member Perez, duly carried by the following vote, the Oversight Board took the following actions:

- **Received and reviewed the Non-Housing Funds DDR Report, pursuant to Health and Safety Code Section 34179.5;**
- **Convened the Public Comment Session, pursuant to Health and Safety Code Section 3417.6 and received no public input;**
- **Adopted A Resolution of the Oversight Board of the Successor Agency to the San Fernando Redevelopment Agency Acknowledging the Receipt of the Due Diligence Review Report for All Other Non-Housing Funds of the Former Redevelopment Agency Conducted Pursuant to Health and Safety Code Section 34179.5; and**
- **Scheduled the Oversight Board's Consideration of Approval of the Non-Housing Funds DDR Report for next regularly scheduled meeting to be held on Thursday, January 10, 2013.**

Attachments: [Staff Report](#)

[Due Diligence Review - Non Housing](#)

V. STAFF COMMUNICATIONS

This time is set aside for Successor Agency staff to update the Board on important items initiated by staff or previously requested by the Oversight Board.

3. Status report on the Recognized Obligation Payment Schedule for the period of January 1, 2013 through June 30, 2013. (12-5501)

Ron Ruiz, Director of Public Works, City of San Fernando, presented a verbal report, which entailed the following information:

- **On October 11, 2012, the Successor Agency received notice from the DOF that the DOF reviewed ROPS 3 and determined that Line Items Nos. 4 in the amount of \$470,871 and 17 in amount of \$746,194, which both pertain to the Retirement Tax Override totaling \$1.2 million, did not qualify as enforceable obligations. The DOF also stated, "Item No. 16, the Supplemental Educational Revenue Augmentation Fund (SERAF) loan repayment in the amount of \$600,000, per Health and Safety Code Section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14 Fiscal Year. Therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time";**
- **On October 17, 2012, the Successor Agency formerly requested a "Meet and Confer" with the DOF for the reason that the Successor Agency disagreed with their determination with respect to Line Item Nos. 4 and 17 for the Retirement Tax Override totaling \$1.2 million;**
- **On November 21, 2012, the Successor Agency had a "Meet and Confer" via conference call with the DOF. The City Attorney and the City consultant, HDL Coren and Cone also participated in the discussion. The DOF stated that the Successor Agency should receive a final determination on Line Item Nos. 4 and 17 by December 15, 2012; and**
- **On November 30, 2012, the Successor Agency received notice from the County of Los Angeles Auditor-Controller stating that they had completed their review on the Successor Agency's "Prior Period Estimated Obligations versus Actual Payments" tab of ROPS 3. In accordance with Health and Safety Code Section 34186(a), the County of Los Angeles computed a reduction of \$1,575,571 to the amount currently estimated owed to the Successor Agency on January 2, 2012, which is \$884,465 per the DOF letter dated October 11, 2012.**

Mr. Ruiz, further advised the Board that in light of the County of Los Angeles determination pertaining to payments owed to the Successor Agency on ROPS 1, and pending the DOF's final determination on Line Items No. 4 and 17 of ROPS 3, the Successor Agency staff will be preparing an updated cash flow worksheet to present to the Oversight Board at the upcoming meeting in January 2013.

By Common Consent, there being no objection (Board Member Everett being absent), Mr. Ruiz' report was accepted.

- 4. Status report pertaining to the Low and Moderate Income Housing Fund Due Diligence Review. (12-5502)**

Ron Ruiz, Director of Public Works, City of San Fernando, made a verbal report, which entailed the following:

- On July 19, 2012, the Successor Agency received notice from County of Los Angeles Auditor-Controller (County) that as part of AB 1484 the Successor Agency was required to retain an audit firm approved by the County to conduct a Due Diligence Review (DDR) to determine if the Successor Agency has unobligated balances available for transfer to taxing entities;**
- Per the review by the audit firm, they have indicated that the Successor Agency has a remaining cash balance in the Low and Moderate Income Housing Fund (LMIHF) of \$2,274. The Successor Agency requested on the DDR report to retain these funds to satisfy obligations on Recognized Obligation Payment Schedule for the period of January 2013 through June 2013;**
- On October 11, 2012, the Oversight Board approved the Due Diligence Review report for the Low and Moderate Income Housing Fund, which was subsequently submitted to the Department of Finance (DOF), County, and the Office of the State Controller on October 15, 2012;**
- On November 9, 2012, the Successor Agency received notice from the DOF, which indicated that they had received and completed the review of the DDR report. Based on their review the request to retain the \$2,274 of Low and Moderate Income Housing Fund for the Fiscal Year 2012-13 was denied because the DOF approved this obligation to be funded with Redevelopment Property Tax Trust Funding (RPTTF) on ROPS 3;**
- On November 15, 2012, the Successor Agency formerly requested a 'Meet and Confer' with the DOF because the Successor Agency**

disagreed with the determination that the \$2,274 should be available for distribution to the affected taxing entities;

- **On December 7, 2012, the Successor Agency had a 'Meet and Confer' via conference call with the DOF to further discuss the request to retain the \$2,274. The Successor Agency explained to the DOF that the funds are needed to be retained to pay for the cost difference for the DDR report which originally was estimated to cost \$15,000 with the actual cost being \$16,700; and**
- **On December 11, 2012, the Successor Agency provided a cash flow projection to the DOF per their request. The Successor Agency is awaiting a determination from the DOF on retaining the \$2,274 by December 15, 2012.**

By Common Consent, there being no objection (Board Member Everett being absent), Mr. Ruiz' report was accepted; and directed the Successor Agency staff to prepare staff reports for any information presented to the Oversight Board.

VI. MISCELLANEOUS

- 5. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-5504)**

Chair Frank directed the Successor Agency to provide a recap of all events that have occurred since the inception of the Oversight Board and present it to the Oversight Board during the review of ROPS 4.

- 6. Public Comment. (12-5505)**

There were none.

- 7. Adjournment. (12-5506)**

Vice Chair Ramirez expressed, his gratitude toward the Successor Agency staff on providing the information presented before the Oversight Board.

The meeting adjourned at 11:34 a.m. The next regular meeting is scheduled for Thursday, January 10, 2013.